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# ACTIVITIES OF THE EVALUATION GROUP

**Report by the Secretariat**

Reports on evaluations and related activities, including the main findings in evaluation reports of integrated programmes, in the period 2003 to mid-2004.

### Introduction

1. The Evaluation Group (EVG) of the Office of the Comptroller General (OCG) has overall responsibility for providing analytical and objective feedback to management on the relevance, efficiency and results of UNIDO's programmes/projects for the purpose of accountability vis-à-vis all stakeholders and for enabling the improvement of the quality of design and delivery of current and future UNIDO services.

2. In the period 2003 up to July 2004 the Evaluation Group issued reports of independent evaluations of eight IPs (Burkina Faso, Cuba, Ethiopia, Guatemala, Senegal, Sri Lanka, Uganda, United Republic of Tanzania) and four stand-alone projects (Morocco National Cleaner Production Centre (NCPC), Viet Nam NCPC, Athens Investment and Technology Promotion Office (ITPO) and ITPO Tokyo). The Group also carried out jointly with the Internal Oversight Group a field-level assessment of the Regional Industrial Development Office and of the country service framework (CSF) in Nigeria, and participated in the assessment evaluation of UNIDO field representation mandated to the Office of the Comptroller General. With assistance from the OCG Information and Communication Management Unit, the Group carried out an assessment of UNIDO's results-based management (RBM). Information on the activities carried out in 2003 was provided in conference room paper GC.10/CRP.5 and in the *Annual Report 2003*. Evaluation reports follow UNIDO's open disclosure policy and are routinely posted to the Evaluation Group web site for public access.

3. Considering that the integrated programmes (IPs) were the main feature of UNIDO's programmatic reform, the present report provides information on lessons learned from the evaluations of IPs with focus on issues of a broad programmatic, managerial and policy relevance. In this context it is important to stress that eight IPs and one CSF represent approximately 25 per cent of the overall portfolio of IPs. Lessons learned apply mainly to the first generation of IPs and to activities in sub-Saharan Africa, where most of the evaluations took place.

4. The report also provides an overview of action being taken by the Secretariat to follow up on evaluation recommendations, which demonstrates that management and staff take these findings and recommendations seriously and are committed to addressing these issues.

5. Integrated programmes are "packages of mutually supportive service modules designed to help overcome the critical industrial development problems of a country at the national level or those of a particular

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geographic area within a country".[1] Based on the mandates of the Business Plan, the IP approach was launched in order to enhance the relevance, effectiveness, visibility and funding base of UNIDO technical cooperation services.

6. The purpose of the evaluations was to provide Governments and counterparts, donors, Member States and UNIDO management with an in-depth analysis of the relevance, efficiency and results (effectiveness) of the programmes, to provide recommendations for their extension and reorientation and to learn lessons for improvement of the integrated programme approach.

7. The programmes evaluated were chosen based on their size, the length of operational activities and whether an extension under a second phase was planned. The evaluations were carried out at two levels. First, the programme as a whole was evaluated in order to identify programmatic, policy, management and implementation issues of general relevance. Second, the programme components and subcomponents were evaluated in order to provide recommendations to counterparts and programme management on the improvement, continuation and the reorientation of the respective substantive activities.

## I. THE INTEGRATED PROGRAMME APPROACH

8. The integrated programmes have made an impact in terms of raising UNIDO's profile and visibility in the respective countries and contributed to a better coordination and consistency of country-level activities.

9. The integrated programme approach is a sine qua non for the new modalities of multilateral field cooperation, which requires stronger cooperation, and harmonization of all United Nations programmes within the context of the Poverty Reduction Strategy Papers (PRSPs), Common Country Assessments (CCAs) and United Nations Development Assistance Frameworks (UNDAFs).

10. While developmental impact in most cases cannot be measured as yet due to the short time span (programmes with an implementation time span averaging three years were evaluated), all IPs, albeit to different degrees, showed results and good prospects of impact in various fields.

11. The IP approach has succeeded in most cases in mobilizing high-level government support and a wide range of counterparts in the public and private sector. This has enhanced programme ownership as well as reciprocal understanding, dialogue and harmonization of activities.

12. Considering the above, evaluations concluded that the IPs have been a step in the right direction. A number of good practices were identified and recommendations were provided. The evaluations also identified shortcomings requiring improvements at various stages of the programme cycle (identification, formulation, funds mobilization, and implementation).

## II. PROGRAMME IDENTIFICATION AND FORMULATION

13. It was at this stage of the programme cycle that most of the shortcomings were identified.

14. Evaluations found that the length of preparatory activities was too short, due to funding and time constraints with the result that some of the programmes lacked focus around key constraints and were in some instances supply driven. In many cases, baselines and properly quantified target indicators were missing. Coordination and cooperation opportunities with multilateral programmes were mentioned but were analysed in depth in only a few cases.

15. Evaluations concluded that it would be necessary to enhance the programmes' relevance and focus as well as the integration with United Nations-wide assistance frameworks. In order to achieve this, the IPs should be based on a more thorough country diagnosis of constraints and potentials of the industrial sector, including the identification of baseline data and indicators linked directly or indirectly with relevant Millennium Development Goals (MDGs).

16. Upstream analytical activities at the country-level should be strengthened and seed money allocated for this purpose. This would enable UNIDO to better formulate its programmes, advise the Government on priority activities to be promoted in the field of sustainable industrial development and provide relevant inputs to country-level diagnosis and programming frameworks, with special focus on PRSPs, CCAs and UNDAFs.

17. Evaluations also found that the logical framework approach needs to be applied more systematically and that sustainability and risk factors need to be more rigorously analysed at the programme formulation stage. Better-defined qualitative and quantitative result indicators need to be included in the documents in order to enable proper monitoring and evaluation as well as linkages with country-level MDG-related targets, including support to Governments to establish meaningful and manageable data for monitoring country

[1] "Guidelines for the formulation of integrated programmes", Vienna, May 1999.

level progress towards MDGs. Better indicators are also needed to link with the UNDAF results matrix.[2]

## III. FUNDS MOBILIZATION

18. Expectations that the IPs would generate more funding were achieved only partially. What was learned is that in most cases donors had not yet changed their project-related funding approach and had allocated funding for projects and components within the IPs based on their bilateral requirements and priorities. This was to the detriment of the very nature of integration.

19. As a result of this funding pattern, there were cases where fundamental components could not be implemented due to lack of funding while other components that were less central to the programme objectives were implemented because of available funds. Evaluations found that Governments had not taken up a sufficiently strong and persistent role in funds mobilization.

20. Despite these shortcomings, evaluations recommended that the IP approach be pursued also from the funds mobilization perspective. Funds mobilization efforts should ensure a combined approach in those cases where activities are interdependent on their success. Closer linkages with country-level coordination frameworks (especially UNDAF) and a stronger field representation would be instrumental in ensuring more funding.

21. New donor funding mechanisms, particularly those developed in response to national poverty reduction strategy processes such as core budget and basket funding, will have implications for programme design and funds mobilization.

## IV. PROGRAMME IMPLEMENTATION

22. Evaluations listed results achieved in terms of outputs and outcomes at the policy, institutional and enterprise level. In many instances UNIDO had been able to provide high quality and innovative services leading to excellent results and in some cases even to landmarks.

23. Institution-building and strengthening activities are those that led to the best results, underlining the fact that UNIDO's main and most successful line of intervention is institutional capacity-building. Due to the short time span of the programmes verifiable economic and social impact could be detected only in a few cases. There were results at target group level but due to the limited size of UNIDO interventions an impact at sectoral level could be achieved in only a few cases.

24. Evaluations noted that programmes had been most successful where UNIDO had been working with relatively strong intermediary counterparts which had a high degree of ownership, a sense of direction and the capacity to absorb UNIDO services. Pilot enterprises that benefited most were those supported in a multidisciplinary manner by different service modules and enjoying combined services in terms of advice and direct support as well as linkages with well-performing support institutions. Good results were achieved when there were partnerships with dynamic private sector organizations and well-managed enterprises.

25. These findings highlight a basic dilemma that is being faced by UNIDO technical cooperation activities. While success and good results depend very much on targeting counterpart institutions and beneficiaries with the appropriate absorption capacity for the type of services provided by UNIDO, there is also a need to focus on LDCs, backward regions and the poorer segments of the population, which by definition have less chance for success in the short and medium term. Evaluations underscored also in this context the key importance for integrated programmes to be based on a thorough needs assessment. Services should be properly and feasibly targeted to the specific conditions of countries, counterparts and beneficiaries.

26. Evaluations noted a positive trend of using increasingly national expertise and fully supported this approach. High-level international expertise in the specialized fields covered by UNIDO and not available in the country is also in high demand to fill knowledge and information gaps; a good practice was to use it in tandem with national expertise for capacity-building and sustainability purposes. The UNIDO knowledge base, good practices, practical experiences and solutions, tools and methodologies proved advantageous in many instances and counterbalanced at the implementation level some of the design flaws.

27. Evaluations showed a strong demand for advice and information on the new role of Government in general and the Ministries of Industry specifically on required policy interventions to enhance competitiveness and productivity growth. In cases of successful UNIDO support in this field, the potential and relevance of competitiveness analysis was shown for developing industrial policies, sectoral and subsectoral export and investment promotion strategies as well as for planning and assessing bilateral and multilateral programmes. Evaluations thus concluded that all IPs should in general include a policy advice and competitiveness analysis component to be carried out based on a UNIDO standard approach and methodology.

28. Another field in high demand for assistance is strengthening of the capabilities of Governments and institutions such as industrial associations, national

[2] Guidelines for CCAs and UNDAFs, October 2003.

statistics offices and SME support institutions to collect and process industrial statistics and to develop information networks. Strengthened statistical capabilities are also of high relevance in order to enable Governments to benchmark industrial performance and to measure development of the industrial sector. Improved statistical information is a sine qua non for the development of baselines and indicators to measure progress towards the Millennium Development Goals. Evaluations concluded that it would be highly advisable to include a statistical component in all IPs and that UNIDO should apply a standard approach.

## V. COUNTRY-LEVEL COORDINATION

29. Cooperation among components was arranged primarily in the field through a bottom-up approach based on benefits from synergy identified by the counterparts themselves. The most frequent form of useful internal integration within a programme was targeting the same counterpart or beneficiaries by one or more components. The most tangible synergy effects from this type of integration can be seen in cost-saving and increased effectiveness of the developed capabilities.

30. Those programmes that had good coordination with donors during implementation and that had been anchored to high-level decision-making and national coordination bodies have also faired well. Integrated programmes have often been instrumental in ensuring better country-level cooperation among different counterparts who established fruitful dialogue and synergies, including improved policy level and institutional cooperation.

31. Successful IPs are those that are anchored to high-level decision-making bodies and that are coordinated at the country level through effective programme- and project-level steering mechanisms. However, this mechanism is feasible and cost effective only based on the existence of a sizable programme. UNIDO Office presence in the country is a prerequisite for ensuring well-coordinated and efficient delivery of complex endeavours like the IPs. This issue is currently being addressed in the context of the UNIDO-UNDP strategic partnership at the field level.

## VI. ACTION TAKEN BY THE SECRETARIAT

### A selection of action taken by the Secretariat to follow up on evaluation findings, recommendations and lessons learned

#### Evaluation feedback

32. Evaluation feedback has traditionally been a challenge for UNIDO and United Nations organizations at large. Evaluation feedback involves targeted dissemination of findings and ensuring that recommendations are actively followed up and lessons learned incorporated into new operations.

33. A recent draft report of the Joint Inspection Unit entitled "Managing for Results in the UN system, Implementation of Results-based Management in the UN Organizations" (Geneva, 2004) identified the factors that are critical to the successful implementation of results-based management and provides a benchmarking framework for success. One of the benchmarks is that evaluation findings should be effectively used.

34. The evaluation feedback system of UNIDO has benefited from the new location of the Evaluation Group in the Office of the Comptroller General and by the strengthened attention devoted by the Secretariat to compliance systems.

35. Every evaluation report includes now a follow-up plan outlining findings and recommendations by target group (government, counterparts, UNIDO management and programme management). The follow-up plan includes a control timeline for the implementation of the recommendations. A summary version of the evaluation reports is regularly submitted to the Executive Board. Evaluations are also being considered as background information for decisions regarding programme extensions and phase II programme documents by the programme approval committees.

36. Based on the new system, the Evaluation Group has recorded a level of compliance with recommendations of around 70 per cent. It should be noted that decisions on the implementation of a recommendation are based on several factors, many of which are beyond UNIDO's control, such as availability of funds, willingness of beneficiaries to make the necessary investments, sustainability and national support to the appropriate institutions, and changes in the external environment.

#### Technical cooperation cycle: new procedures and guidelines

37. Evaluation findings have regularly flagged the need for improved adherence to technical cooperation principles and quality criteria in all phases of the programme/project cycle management. Better compliance with the logical framework approach, stronger results orientation, and issues of accountability and compliance controls have been regularly brought out by evaluations. A thorough review of all programme/project cycle-related procedures and guidelines is currently under way. The Advisory Panel on Programme Approval Committees has been entrusted with the task of preparing a consolidated set of guidelines aimed at facilitating the management of

technical cooperation. Related staff training programmes in support of the new guidelines are also planned, which will contribute to enhancing the designing of programmes/projects, their implementation and reporting and accountability.

**Results-based management**

38. Evaluations consistently identified the need for UNIDO to link results at the diagnostic and formulation stage of programme development. The need was also identified for better linkages with country-level diagnosis, policy and programming frameworks (PRSP, CCA and UNDAF). Related ongoing activities in the Secretariat geared to introducing results-based management have set the methodological base for responding to these requirements. A results-based monitoring and evaluation framework that closely matches the monitoring and evaluation matrix included in the October 2003 guidelines for CCA and UNDAF was developed. Activities are ongoing to better define indicators for all activities carried out by the Organization, including those for technical cooperation related result indicators that are being linked with the MDGs. Once fully applied, these new RBM-based methodologies will be instrumental in introducing improvements identified by evaluations, i.e. the need to prepare country diagnoses necessary to support CCAs and subsequent programming, to closely link with country-level programming frameworks and to better apply the logical framework in the design, monitoring and evaluation of TC activities.

39. The analyses, diagnostics and indicators of an RBM approach, albeit time consuming and costly, would facilitate countries in monitoring progress towards the MDG goals.

**Continuous improvements in evaluation practice, guidelines and procedures**

40. The Evaluation Group prepared guidelines and procedures for the evaluation of integrated programmes, country service frameworks and stand-alone projects in 2002 and is currently fine-tuning them based on the experience acquired in their application. The purpose of the revision, which will be issued as part of the comprehensive guidelines on technical cooperation programme/project management, is to make the guidelines as user friendly as possible and to reflect the latest evaluation principles and standards in the United Nations system, thereby supporting the production of credible and objective evaluation reports and further enhancing accountability to stakeholders through improved evaluation reports. According to such principles evaluations should be understood as a learning tool aiming at understanding the achievement of results and improving the effectiveness of programmes. Evaluations should furthermore add value by introducing a prospective outlook. They should be based on a formative approach allowing the participation of stakeholders in the evaluative process and focusing on the views and needs from the beneficiary countries' perspective. Improved guidelines and procedures aim at ensuring that disciplined work plans are prepared and implemented and that appropriate resources are made available for evaluations. Evaluation plans must facilitate the production of objective, relevant and timely findings that are useful for decision-making.

41. Feedback mechanisms are being further strengthened to ensure that lessons learned from evaluations are used for the continuous improvement of technical cooperation activities and as an input to the global forum function of UNIDO. A database on findings and lessons learned is being established as a contribution to the continuous updating of UNIDO's knowledge base.

## VII. ACTION REQUIRED OF THE BOARD

42. The Board may wish to take note of the information contained in the present report.